



State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

January 30, 2004

TO: EXECUTIVE DIRECTORS AND FISCAL OFFICERS, INDIAN HEALTH CLINICS

SUBJECT: NEW INVOICING INSTRUCTIONS AND FORMS

This letter transmits instructions and forms for requesting payment from the Indian Health Program (IHP) effective January 2004. The new procedures are required to comply with Senate Bill (SB) 377. SB 377 requires that the IHP provide biannual prospective payments to grantees, which are contingent upon submittal of a letter requesting payment along with specified budget and program reports.

Additionally, the legislation requires that the Department of Health Services (DHS) withhold at least ten percent of the annual grant pending submission of a letter requesting final payment, a budget reconciliation report, and all reports required in the IHP grant.

Please note that the legislation has become effective midyear for grantees. Grantees should complete billing IHP retrospectively and on a monthly basis for services provided through December 2003 per grant specifications. This results in the new billing process commencing “mid-cycle.”

The maximum prospective payment to be requested at this point in the grant year is up to 40% of the total grant award. DHS is required to withhold at least 10% pending receipt of final documents.

For clinics that have spent in excess of 50% of the total grant at this time, the excess will be subtracted from the 40%. All other clinics will receive the full 40% upon receipt of all required forms.

Following are instructions to complete the enclosed forms used for the SB 377 invoicing process:

- **Sample “Payment Request Letter”:** Send this letter using clinic letterhead. It should be sent at the beginning of the fiscal year (FY) upon full execution of the grant and passage of the state budget requesting up to 50% of the grant total, after January 1 requesting up to 40% of the grant total, and after completion of the FY requesting the remaining balance. Complete the “Grant Award Amount” and “TOTAL AMOUNT REQUESTED” lines and check the appropriate billing timeframe. The letter must be signed by an individual currently authorized to bind the corporation.
- **Budget Expenditure Report:** Mail this form along with the “**Payment Request Letter**” after January 1 of the FY. It should also be completed and sent WITHOUT a “**Payment Request Letter**” May 1 of the FY. Complete the form using the information from the final approved budget in the IHP grant. (Note that the certification statement at the bottom of the form includes a reference to state approval of line item transfers).
- **Annual Reconciliation Form:** Mail this form along with the “**Payment Request Letter**” after the completion of the FY. Complete the form using the information from the final approved budget in the IHP grant. This form includes a column to document expenses in May and June of the FY as well as a column to “bill out” unspent funds from all line items spent during the entire FY.
- **Other Budget Related Requirements:** Please be aware that SB 377 alters the IHP invoicing process only. All other budget related items in the grant remain unchanged including the parameters for line item shifts, prior approval of trainings, inventory of state purchased equipment, etc.
- **Monthly Progress Reports** Lastly, please note that in addition to the above referenced budget forms, all required IHP “**Monthly Progress Reports**” need to be submitted in order for the payment request to be processed.

SCHEDULE OF PAYMENT REQUESTS AND FORMS SUBMITTAL FOR IHP DURING 12 MONTH FISCAL YEAR
July – Payment Request Letter for up to 50% of annual grant amount. (All Monthly Progress Reports and the Annual Reconciliation Report from the prior year must have been submitted and approved).
January 1 – Payment Request Letter for up to 40% of the annual grant amount and a Budget Expenditure Report for the period of July-December. (All Monthly Progress Reports for July-December must have been submitted and approved and all line item transfers must have been approved).
May 1 – Budget Expenditure Report for expenses January – April
June 30 – Payment Request Letter for 10% of annual grant amount or remaining balance and an Annual Reconciliation Report . (All Monthly Progress Reports for January-June must have been submitted and approved and all line item transfers must have been approved).

Thank you for your patience during this transition. All forms are available on the IHP website at www.dhs.ca.gov/ihp. You should expect a telephone call from IHP staff to respond to any questions you may have. Also, please feel free to contact the IHP staff at (916) 449-5760.

Sandra (Sam) Willburn, Chief
Primary and Rural Health Care Systems Branch
Indian Health Program
1615 Capitol Avenue, Suite 73.460, MS 8502
P.O. Box 997413
Sacramento, CA 95899-7413

Enclosures